Overview of BAHFA's Enabling Legislation

Bay Area Housing Finance Authority

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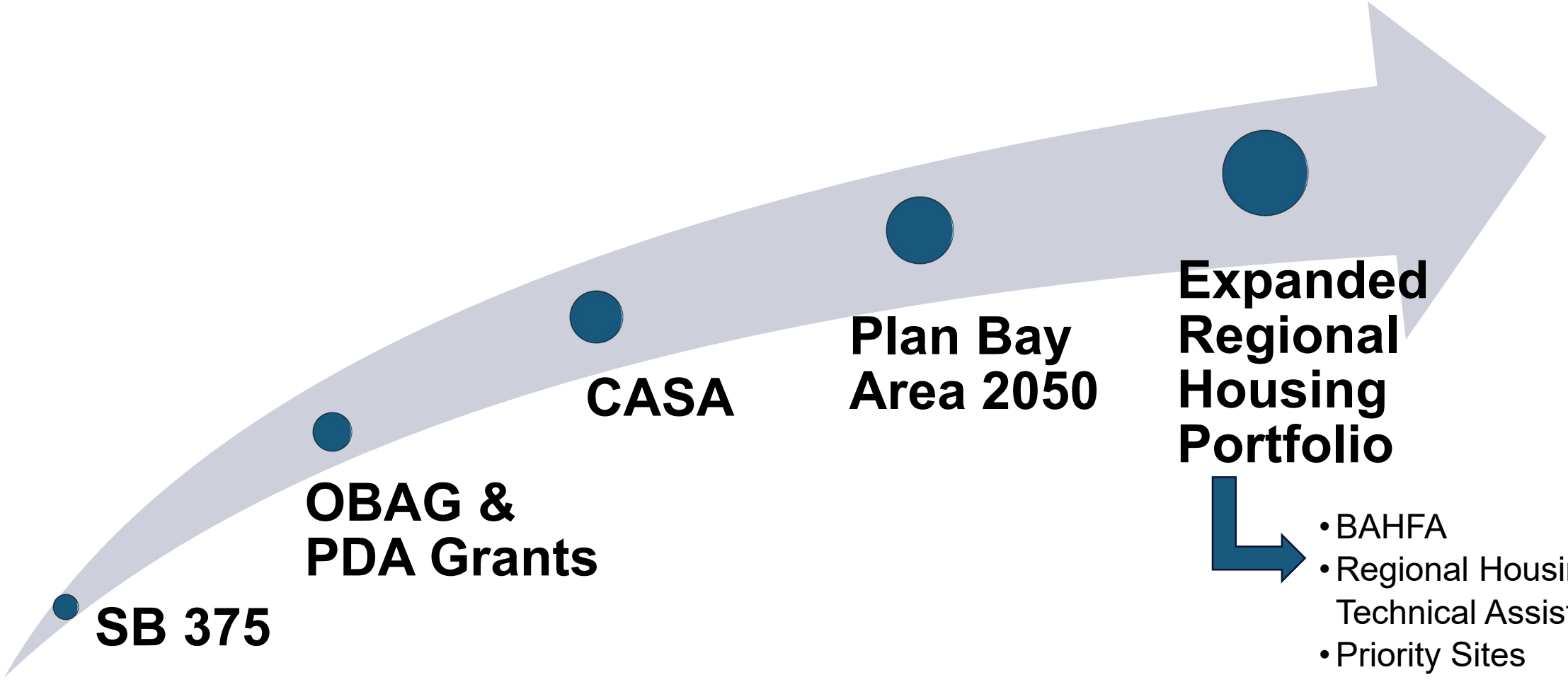
METROPOLITAN TRANSPORTATION COMMISSION

BAHFA Advisory Committee
April 23, 2026

The portfolio of housing and land use activities at MTC & ABAG have expanded during the last 15 years, especially the last 5



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CASA - The Committee to House the Bay Area

June 2017- Jan 2019

MTC/ABAG convened leaders from across the Bay Area seeking to build actionable political consensus

- Roughly 18-month process led by MTC & ABAG
- Multiple formal stakeholder bodies subject to the Brown Act
- Trip to New York to study the New York Housing Development Corporation

Outcomes

- CASA Compact

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Evolving Policy Landscape

CASA Process

(2017-2019)

CASA Compact included policy proposals for key features of a new regional housing enterprise and its revenue authority

Legislative Implementation

(2019 - BAHFA created by AB 1487)

Policy details from the Compact were refined based on additional feedback from MTC-ABAG, and during the legislative process in Sacramento

Ongoing Implementation

(2020 – Present)

BAHFA's enabling legislation has been amended several times

Potential revenue measures must operate within the statutory framework

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San Francisco Bay Area Regional Housing Finance Act* Created BAHFA as a Key Part of the Solutions

Legislative Mandate: Address systemic challenges in affordable housing and housing stability across the 3Ps – **Production, Preservation, and Protections**

Principal Duties:

- Raise revenue at scale
- Collaborate across jurisdictions
- Provide support and technical assistance to local governments

Governance: The **BAHFA Board** (comprised of same members as MTC) and **ABAG Executive Board** have statutorily defined roles. An **Advisory Committee** with expertise across the 3Ps provides guidance & recommendations.

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*Bills: *AB 1487, Chiu (2019), AB 1319, Wicks (2023), AB 598, Wicks (2024)*

Key Features of BAHFA's Enabling Legislation

- Defines types of revenue that can be raised *(bonds, taxes, fees)*
- Sets regional and local distribution rules *("return-to-source")*
- Defines eligible expenses & sets rules for expenditure planning *("3 Ps")*
- Requires formal approval from both ABAG and BAHFA for ballot measures *("double-green-light")*

KEY TAKEAWAY: *BAHFA must function within the limits of its enabling legislation*

Raising Revenue

4 Revenue Options Require Voter Approval

- General Obligation Bond
- Parcel Tax
- Per Employee “Head” Tax
- Gross Receipts Tax

5th Option: Commercial Linkage Fee

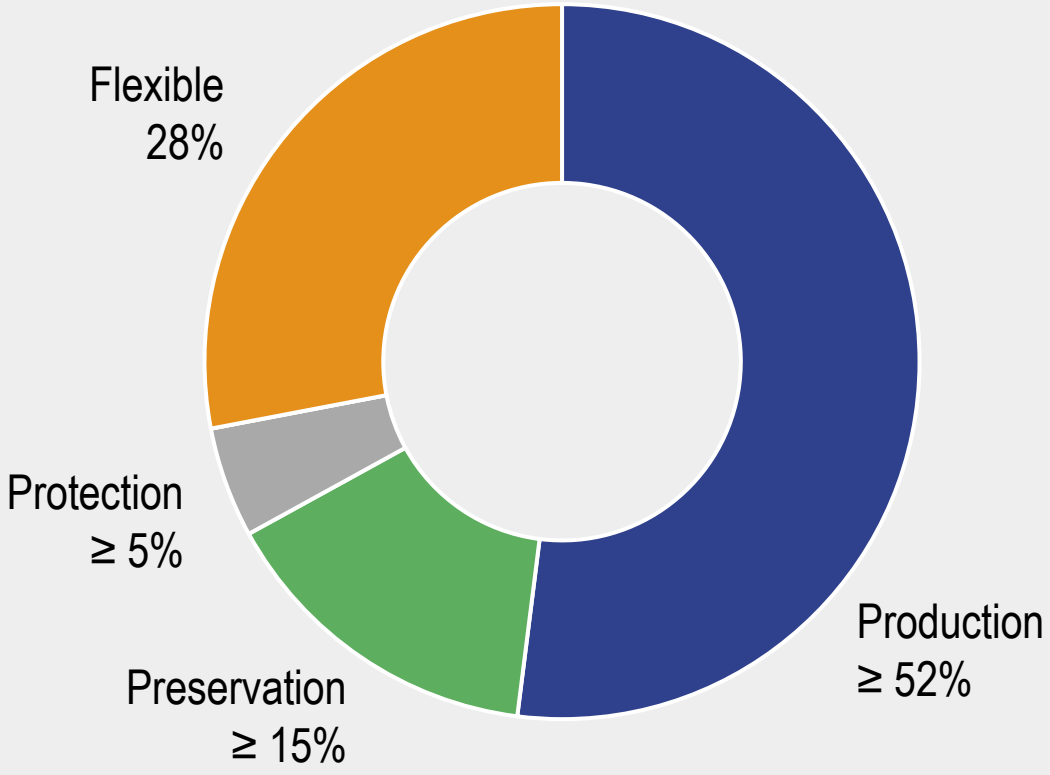
- Requires previously approved GO bond or parcel tax
- ABAG Executive and BAHFA Boards must approve
- Regional Jobs & Housing Nexus Study establishes need

Funding Distribution

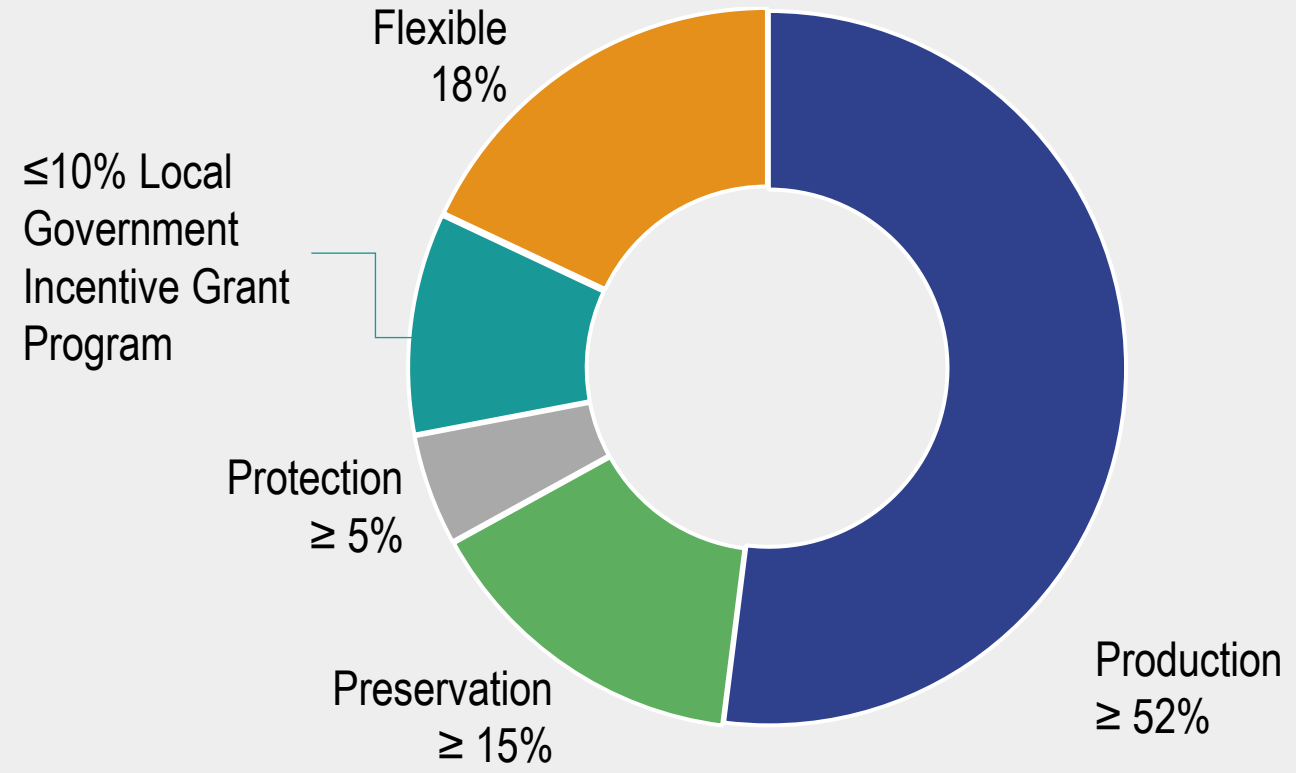
- ≥80% of funds return to county of origin for GO Bond, Parcel Tax and Gross Receipts Tax
- ≥50% of funds return to county for Head Tax
- BAHFA retains balance for local investments that leverage regional scale
- BAHFA distributes commercial linkage fees to cities and counties consistently with the Nexus Study

How Revenue from a Ballot Measure Must be Spent

County and City:≥ 50% or ≥ 80%*



Regional Program ≤ 20% or ≤ 50%*



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*Depending on source

Cities' and Counties' Expenditure Plans

Expenditure Plans

- ✓ Due to BAHFA no sooner than 90 days *after* election
- ✓ Local governing boards must approve Expenditure Plans at a noticed hearing
- ✓ Must include minimum 52% for production, 15% for preservation, 5% for protections
- ✓ Production should "prioritize" projects that help meet extremely low-income, very low-income, and low-income Regional Housing Needs Allocation targets
- ✓ 28% Flexible Funds can be for housing and "housing-related uses"
- ✓ If Expenditure Plan meets these criteria, it is approved, triggering funding eligibility
- ✓ If ABAG Exec and BAHFA Boards vote that a Plan is incomplete, funding is withheld

General Rules for Cities and Counties

General Rules

- ✓ All housing must be deed-restricted, but term of restriction is not defined
- ✓ All housing must be affordable, with cap of 120% AMI
- ✓ Rental, ownership and interim housing all eligible
- ✓ Everything must conform to Expenditure Plan

BAHFA Expenditure Rules for a Revenue Measure

Production
- Rental only
- 55-year deed restriction
- 80% AMI affordability cap

Preservation
- Rental or ownership
- 55-year deed restriction
- 120% AMI affordability cap

Flexible Funds: 18%
- Production
- Preservation
- Protections

Tenant Protections
- Pre-eviction and eviction legal services, counseling, training and renter education
- Emergency rental assistance
- Relocation assistance
- Displacement tracking and data collection
- Homelessness prevention

Local Government Incentive Grant
- Housing and housing-related uses
- Technical assistance
- Infrastructure to support housing, like parks
- One-time homelessness assistance
- Affordable homeownership assistance

Reporting and Accountability

BAHFA

- Annual audits and financial reporting
- Annual report to the state legislature on allocations and expenditures from an approved ballot measure

BAHFA, Cities and Counties

- Annual progress on meeting minimum 3P targets for an approved ballot measure

ABAG Executive and BAHFA Boards, and Advisory Committee

- Every 5 years after ballot measure approval, review implementation; monitor expenditures in coordination with jurisdictions

Changes By BAHFA Boards, in consultation with Advisory Committee

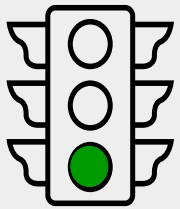
- May change regional 3Ps allocation requirements with 2/3rds vote
- May approve City/County request for 3Ps allocation change with 2/3rds vote

Key Legislative Amendments in 2023 and 2024

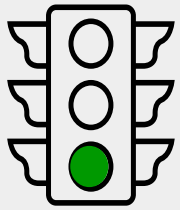
- **Counties must** consult with their respective cities when developing a local expenditure plan
- **BAHFA must** accept local expenditure plans as complete if they satisfy the statutory checklist
- **BAHFA cannot** deem projects ineligible based on local land-use or housing policies, but may use prioritization criteria
- **BAHFA may** enter implementation agreements with counties/cities receiving allocations
- **Homelessness prevention** is now an eligible expense for Protections funding

Path to Ballot Measure: "Double-Green-Light"

BAHFA Advisory Committee provides recommendations and consultation on program design, funding guidelines, and implementation issues



FIRST APPROVAL REQUIRED:
ABAG Executive Board



SECOND APPROVAL REQUIRED:
BAHFA Board

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Thank You

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